

PT. Japfa Comfeed Indonesia Tbk.

BUY

Investment Consideration

Improved Prices and margin hike

- JPFA maintained double-digit sales growth of 18.4% YoY and 3.9% QoQ, reaching IDR 13.9 trillion in Q1 2024, driven by higher sales volumes across all business units.
- The feed segment continued to deliver growth, with sales increasing by 13.4% YoY and 6.5% QoQ to IDR 4.01 trillion, fueled by a 6.9% YoY increase in sales volume and higher average selling prices (ASP). Stable feed margins were achieved by passing on raw material price increases, with the feed margin rising to 18.5% from 16.7% in Q4 2023.
- The commercial farm segment also showed robust growth, with sales up 28.2% YoY to IDR 5.74 trillion, driven by a 7.9% increase in sales volume and a higher ASP. The operating profit margin for this segment turned positive at 5.2% in Q1 2024, recovering from a -10.3% margin in Q4 2023, as live bird prices increased in the market due to higher demand during Ramadan.
- The poultry processing and consumer products segment reported an 11.9% YoY increase in sales to IDR 2.06 trillion, with an improved operating profit margin of 3%.
- The Day-Old Chick (DOC) business segment achieved a positive margin of 32.5% on higher DOC prices, while sales volumes rose by 11.9% YoY, leading to a 36.9% YoY increase in DOC sales to IDR 720 billion.

Q1 2024: Profit after a Loss

- JPFA recorded a net profit of IDR 665 billion in Q1 2024, a significant turnaround from a loss of IDR 250 billion in Q1 2023 and IDR 7 billion in Q4 2023, attributed to price improvements in both broilers and DOCs.
- Cost of sales rose by 9.3% YoY but decreased by -3% QoQ to IDR 11.4 trillion, in line with a 12% YoY increase in raw materials costs. Gross profit surged by 96.3% YoY to IDR 2.47 trillion, with a gross profit margin of 17.8% in Q1 2024.
- JPFA also reported an operating profit of IDR 1.07 trillion, reflecting a substantial improvement from the previous year.
- Based on these improvements, we have revised JPFA's 2024 forecast, with bottom-line profit expected to reach IDR 1.8 trillion.

Valuation: Maintain BUY with lower TP 1,770

- Our DCF valuation, using a WACC of 8.9%, sets a target price for JPFA at IDR 1,770, representing 46% upside and a 10X 2025F PE ratio. We maintain our BUY rating.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Sales (In IDR Bn)	36.965	44.878	48.972	51.176	57.478	64.277
Net Income (In IDR Bn)	917	2.023	1.420	931	1.819	2.035
EPS (IDR)	80	177	124	82	159	178
GPM (%)	20,1%	17,9%	15,7%	14,7%	16,0%	16,0%
OPM (%)	6,7%	7,9%	5,6%	4,3%	6,0%	6,0%
NPM (%)	2,5%	4,5%	2,9%	1,8%	3,2%	3,2%
PBV (x)	1,6	1,6	1,4	1,0	1,4	1,3
PER (x)	18,2	9,7	12,9	14,2	11,1	9,9
Net debt/ equity (x)	0,4	0,5	0,6	0,7	0,7	0,7

Source: Company and Binaartha

6 May 2024
Basic Industry – Poultry

Price	IDR	1,215
Target Price	IDR	1,770
JKSE Index		7,134.724



Stock Information

Bloomberg Code	JPFA IJ
Market Cap (IDR bn)	14,247.8
52-week high (IDR)	1,410
52-week low (IDR)	1,025
Shares issued (mn)	11,726.6
6-m avg. daily Val (IDR)	1,460
Free float	44.94%

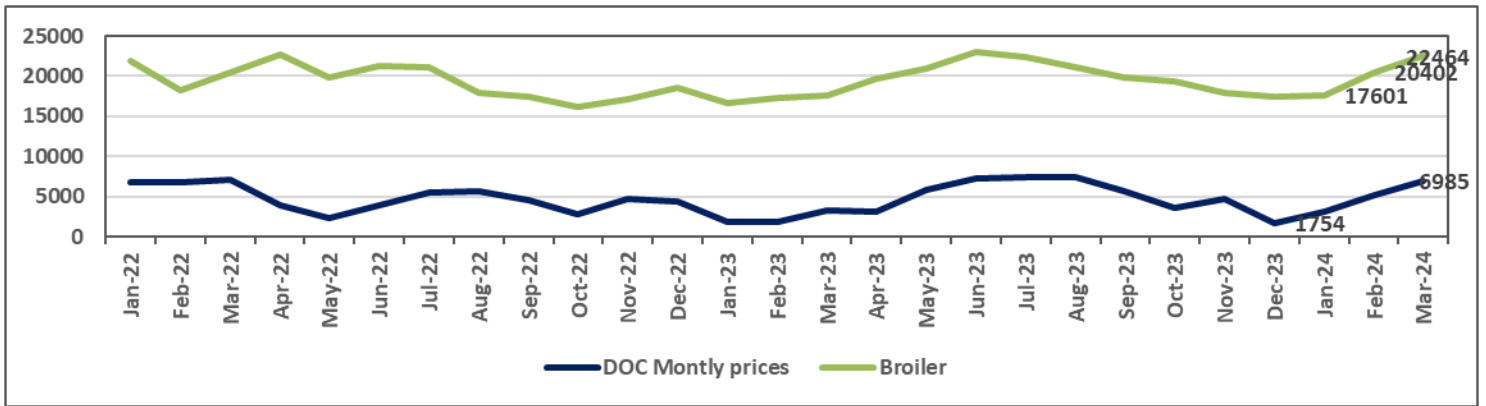
Major share holders

JAPFA LTD	40.00%
Credit Suisse AG Singapore Trust	15.43%
Public	44.57%

USD/ IDR – YE (IDR)

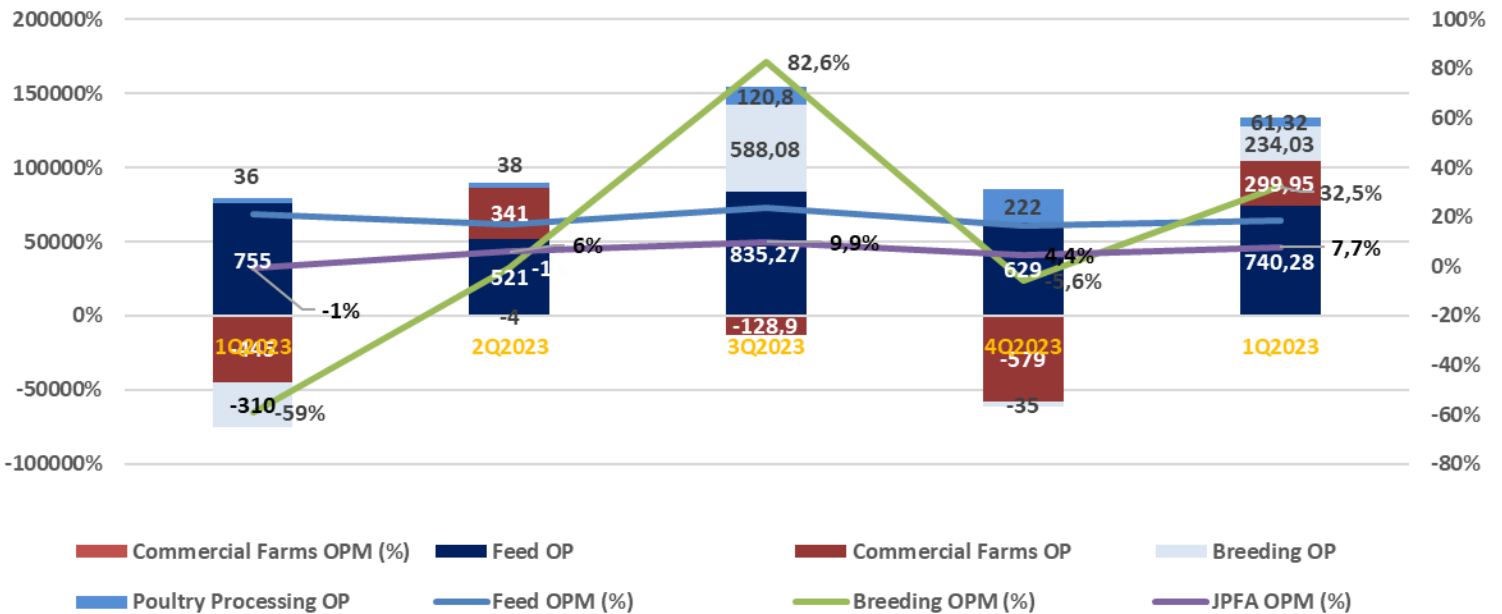
2023	15,439
2024F (6m-avg)	15,690

DOC and Broiler Prices until March 2024 in West Java



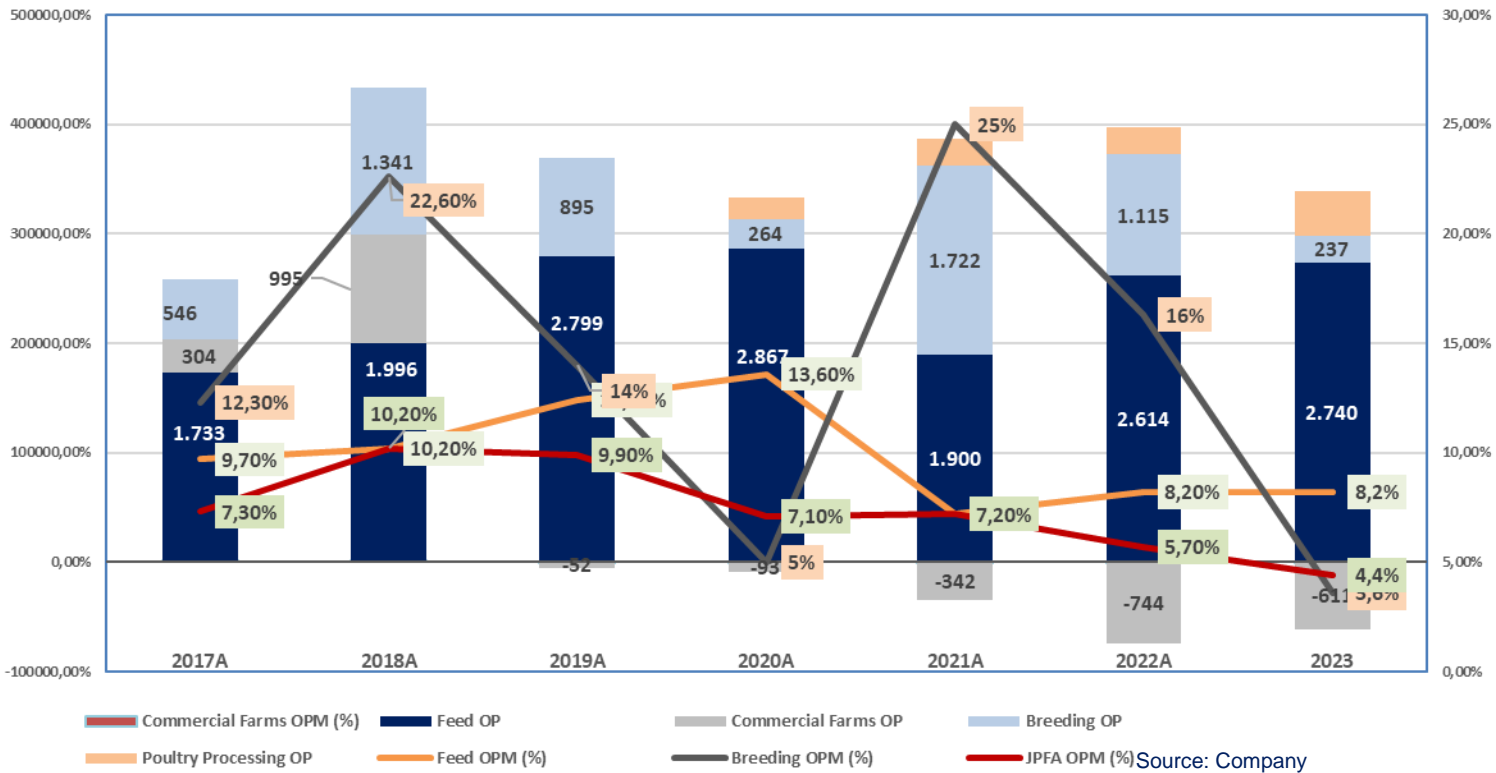
Source: Average monthly prices of West Java

JPFA Business Segment Breakdown QoQ



Source: Company and Binaartha

JPFA Business Segment Breakdown YoY



Income Statement in IDR Billion QoQ & YoY

Income Statement (In IDR Bn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
Sales	11.762	13.925	18,4%	13.408	4%
Cost of Sales	-10.475	-11.451	9,3%	-11.819	-3%
Gross Profit	1.287	2.474	92,3%	1.590	56%
Operating Expenses	-1.369	-1.402	2,5%	-1.380	2%
Operating Profit	-82	1.072		209	412%
Other Income (Expenses)	-219	-177	-19,2%	-242	-27%
PBT	-301	895		-32	
Tax	59	-180		-16	
NIAT	-242	715		-48	
Non-controlling Interest	-8	-50	535,7%	41	
Net Income	-250	665		-7	
EPS	-22	58		-1	
GPM (%)	10,9%	17,8%		11,9%	
OPM (%)	-0,7%	7,7%		1,6%	
NPM(%)	-2,1%	4,8%		0,0%	

Source: Company and Binaartha

Income Statement in IDR Billion YoY

Income Statement (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Sales	44.878	48.972	51.176	57.478	64.277
Cost of Sales	-36.858	-41.289	-43.665	-48.282	-53.992
Gross Profit	8.020	7.683	7.511	9.197	10.284
Operating Expenses	-4.495	-4.933	-5.305	-5.748	-6.428
Operating Profit	3.525	2.750	2.206	3.449	3.857
Other Income (Expenses)	-731	-796	-945	-977	-1.093
PBT	2.794	1.955	1.261	2.472	2.764
Tax	-663	-464	-315	-568	-636
NIAT	2.131	1.491	946	1.903	2.128
Non-controlling Interest	-108	-71	-16	-86	-96
Net Income	2.023	1.420	931	1.819	2.035
EPS	177	124	82	159	178
EBITDA	4.816	3.722	3.258	4.566	4.935

Source: Company and Binaartha

Cash Flow in IDR Billion YoY

Cash Flow (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Net Income	2.023	1.420	931	1.819	2.035
Depreciation	1.215	950	1.008	1.013	1.090
Change in WC	-1.610	234	746	363	-505
Cash From Operating Activities	1.628	2.604	2.685	3.195	2.620
Change in Non-current Asset	-1.437	-2.211	-2.210	-2.334	-2.654
Cash From Investing Activities	-1.437	-2.211	-2.210	-2.334	-2.654
Change in Long-term liabilities	-462	705	-304	77	163
Change in Bonds Payable	368	509	-79	111	0
Change Others Noncurrent Liabilities	-16	-13	17	-4	9
Change in Equity	-332	-868	-418	-263	-775
Cash From Financing Activities	-441	333	-784	-80	-602
Net Changes in Cash	-251	726	-308	781	-636
Beginning Balance	1.336	1.085	1.811	1.503	2.284
Ending Balance	1.085	1.811	1.503	2.284	1.647

Source: Company and Binaartha

Statement of Financial Position in IDR Billion YoY

	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	1.336	1.085	1.811	1.503	2.284	1.647
Trade Accounts Receivable	1.982	2.348	2.405	2.456	2.863	3.148
Inventories	5.670	7.713	9.272	9.684	10.114	10.927
Others Current Assets	2.757	3.015	3.513	3.576	3.736	3.857
Total Current Assets	11.745	14.161	17.001	17.218	18.996	19.579
NONCURRENT ASSETS						
Fixed Assets	11.144	11.510	12.497	13.395	14.408	15.498
Breeding Cattles	108	54	34	25	46	43
Other Noncurrent Assets	2.955	2.865	3.158	3.471	3.758	4.236
Total Noncurrent Assets	14.207	14.429	15.689	16.891	18.212	19.776
TOTAL ASSETS	25.952	28.590	32.691	34.109	37.208	39.355
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Bank Loans	423	2.314	3.924	4.909	6.009	6.009
Trade Account Payable	3.994	3.030	4.135	4.118	4.598	5.142
Others Current Liabilities	1.591	1.720	1.353	1.658	1.437	1.607
Total Current Liabilities	6.008	7.064	9.412	10.684	12.044	12.758
NONCURRENT LIABILITIES						
Long-term liabilities	1.696	1.254	1.174	1.302	1.379	1.543
Long-term Bank loan	2.292	2.273	3.058	2.626	2.626	2.626
Bonds Payable	4.492	4.859	5.369	5.289	5.400	5.400
Others Noncurrent Liabilities	52	36	23	40	36	46
Total Noncurrent Liabilities	8.532	8.423	9.624	9.258	9.442	9.614
TOTAL LIABILITIES	14.540	15.487	19.036	19.942	21.485	22.372
Non-controlling interest	734	869	907	941	1.143	1.278
EQUITY	10.677	12.233	12.748	13.226	14.579	15.705
TOTAL LIABILITIES & EQUITY	25.951	28.589	32.690	34.109	37.208	39.354

Source: Company and Binaartha

Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
Growth (% YoY)						
Sales	-4,9%	21,4%	9,1%	4,5%	12,3%	11,8%
OP	-20,5%	41,9%	-22,0%	-19,8%	56,3%	11,8%
EBITDA	-13,8%	30,3%	-22,7%	-12,5%	40,2%	8,1%
NP	-48,1%	120,6%	-29,8%	-34,5%	95,4%	11,9%
EPS	-48,1%	120,6%	-29,8%	-34,5%	95,4%	11,9%
Profitability (%)						
Gross Margin	20,1%	17,9%	15,7%	14,7%	16,0%	16,0%
Operating Margin	6,7%	7,9%	5,6%	4,3%	6,0%	6,0%
EBITDA margin	10,0%	10,7%	7,6%	6,4%	7,9%	7,7%
NET Profit margin	2,5%	4,5%	2,9%	1,8%	3,2%	3,2%
ROA	3,5%	7,1%	4,3%	2,7%	4,9%	5,2%
ROE	8,6%	16,5%	11,1%	7,0%	12,5%	13,0%
Solvability (x)						
Net debt/ equity	0,4	0,5	0,6	0,7	0,7	0,7
Tot. debt/ Tot.equity	1,4	1,3	1,5	1,5	1,5	1,4
Debt Ratio	0,6	0,5	0,6	0,6	0,6	0,6
Liquidity (x)						
Current Ratio	2,0	2,0	1,8	1,6	1,6	1,5
Cash Ratio	0,2	0,2	0,2	0,1	0,2	0,1
Per Share data						
EPS (IDR)	80	177	124	82	159	178
PBV (x)	1,6	1,6	1,4	1,0	1,4	1,3
PER (x)	18,2	9,7	12,9	14,2	11,1	9,9
EBITDA/share	324	422	326	286	400	433

Source: Company and Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**
- Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
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